

A N

Historical Account
OF THE
ESTABLISHMENT,
Progress and State
OF THE
Bank of Scotland;

^K
And of the several Attempts that have
been made against it, and the several In-
terruptions and Inconveniencies which
the Company has encountered.



Printed, *February* M. DCC. XXVIII.

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Printed by M. DCC. XXVII



T H E

P R E F A C E.

THE following Sheets are for the most part only a Narrative of Matters of Fact, which at first were begun, and for many Years carried on for private Use only, without any Thought that they would be continued to a Time when it would be useful to publish them: And therefore the Reader must not critically consider the Manner in which they are delivered, but the Facts themselves; for the Publisher does not pretend to the Qualifications of an Author, for putting them into such a polite Dress as the Subject would have very well allowed.

It is the Practice of the present Age to let nothing pass on any Subject almost, however well said and true, without an Answer and Censure; and I believe what I now publish will raise the Spirits of more than one. Whoever shall take the Trouble of writing against me, if they do it by Railery and stretching Wit, which now a Days is common in the Defence of bad Causes, or if they do it with Malice, which Party and Faction has nourished to a monstrous Pitch; I shall not in the least regard what they say: But if any Thing shall be said to convince me of a

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Mistake

Mistake in my Way of reasoning, I shall willingly own my Error ; or if any Thing shall be offered for rectifying me in any Facts, I shall not obstinately persist in a Mistake.

I have mentioned no Facts positively but what I know to be true : Other Things that I rehearse as reported, I have done it upon Conviction of their being true, in Confidence of my Informers Veracity. If I shall be contradicted in any Particular, my Contradictor, I believe, will bring no better Vouchers for his Assertions than I have done for mine ; and so we must both ly at the Discretion of our Readers which to believe.

As to my Reasonings, they are the Thoughts I have been led into by my Experience in the Matters I treat about ; and I have had Advantages for knowing such Things greater than I have Abilities (I own) to make a right Improvement of. I have done the best I can. But I readily believe that the plain Way in which I have managed my Arguments will be contemned by the speculative Projectors of this Age, whose extensive Views and Plans I could never approve of or follow. I shall be easy what these say.

It is very probable my Narrations will by some be slighted, as of little Use and not worth noticing, whether right or wrong ; whoever shall be pleased to do so, as he will not thereby make me uneasy, so I shall give him no Trouble : What I have write has been of Use, and given Satisfaction to Persons of as great Worth as any who shall please themselves on undervaluing the same. I have descended very low in some Particulars, because on such an Occasion as this, it is as needful and reasonable to satisfy the Vulgar in Things that they think of Importance, as it is to please the more knowing and polite Part of the World.

Possibly

Possibly some will complain of my being tart in some Places; for which I offer this Apology, That I was provoked by the Rudeness used against a Company and Gentlemen of good Respect, who have been of great Use in the Service of their Country these Thirty and odd Years; and what I have said with any Warmth is designed only against those who act as Underlings, to whom I think no great Respect is due. As to other worthy Gentlemen who are or shall think themselves concerned in the Things I touch at, I do not charge them with any of the Particulars mentioned by me, which they shall think unworthy their Character; tho' I cannot forbear condemning what is done, in setting up a Company here on a foreign Stock, or which at best must be bought from Foreigners at their own dear Price, to rival the BANK of SCOTLAND. If their mistaken Zeal in that has led them to say or do Things, which on cooler Thoughts they will not justify; I must not be blamed for touching and censuring them.

Some will perhaps quarrel, that under foreign, England and English Subjects are comprehended as well as others. I own it is so; but with this View, only to show, that whatever Profit is made by Banking and Paper Credit in Scotland, and exported, whether to England, or any Place abroad, is equally prejudicial to Scotland, now after the Union, as it would have been before: For what Loss Scotland would have sustained before the Union, by the Things which I have taken under Consideration, is not prevented by the Union. This I think will not be denied, so I hope I need not apologize further for using the Word foreign.

I have but one Thing more to add, and that is, to beg the Reader's Excuse for mentioning some Things oftner than once. This I was obliged to do, because the same Objections were cast up against the BANK at different Times, for colouring an Argument against the BANK; and I thought

thought it needful to follow the Company's Enemies through all their Turnings and Windings, to prevent their misleading any who desired to judge impartially.

I heartily wish the Scuffle betwixt the two Companies a good and speedy Issue: I am thoroughly perswaded, that the Time is coming, and perhaps not far off, when some who at present are on the other Side of the Question, will come over to me, and own that I have judged right.



An

*An Historical Account of the Establishment,
Progress and State of the Bank of SCOT-
LAND, &c.*

THE BANK OF SCOTLAND was established by Act of Parliament in *July 1695*: And altho' several Attempts have been made upon it for disquieting the Company, or obtruding additional Stock, and forcing in new Partners; and that the Company has encountered several Inconveniencies, partly from national Disturbances, and partly by wicked Practices of Forgery and the like: Yet the Bank has maintained its Credit and good Character, even when under the greatest Disadvantages; and has obtained a very universal and good Reputation amongst all Ranks, tho' the Nation in general knows little about it, except the bare Name, and that the Company lends Money, and has publick Notes running, which are paid on Demand. It cannot therefore be unacceptable, to give some short Account of the Erection, Progress and State of the Company; especially at present, when a violent Attempt is made against it by a Rival Company.

The Bank was first projected at *London* by an *English* Gentleman, *John Holland*, with whom Eleven other *Scots* Gentlemen, some residing at *Edinburgh*, and some at *London*, did join; who procured the Act of Parliament, and were therein named and authorised to take in Subscriptions of Natives or

Foreigners for *L. 1200000 Scots*, Two thirds thereof always belonging to Persons residing in *Scotland*; accordingly the Subscription-book was opened at *Edinburgh*, the Beginning of *November* the said Year, and on the last of *December* the Subscriptions were finished, and the whole *L. 800000* allowed to *Scotland*, was subscribed for all by Natives, the Marquis of *Tweddale*, his Majesty's High Commissioner to that Parliament, and Lord Chancellor at the Time, and his Son my Lord *Tester*, being the first Subscribers, who were followed by several other Noblemen, and a great many Gentlemen, Merchants and others; and at *London*, the remaining *L. 400000* was signed for in one Day, and the Subscriptions were transmitted to *Scotland*, to be bound up in the Subscription-book here; a good Part of which *L. 400000* was subscribed for by *Scotsmen* residing at *London*.

By the Act of Parliament, the Government of the Bank is appointed to be, by a Governor, a Deputy-Governor, and Twenty four Directors; to whom the Power of electing all proper Servants and Officers is committed: But in regard the Bank was at first projected by the Gentlemen at *London*, who were thought to be better acquainted with the Nature and Management of a Bank, than those in *Scotland*, a preliminary Agreement was entered into by the Subscribers; whereby it was agreed, That for a certain Number of Years, the Governor, and Twelve of Twenty four Directors, should be chosen out of the *English* Adventurers; and the Deputy-Governor, and other Twelve Directors, out of the *Scots* Proprietors. This Preliminary was soon given up by the *English* Gentlemen, after they observed the good Management of the Directors in *Scotland*; and a new Agreement was made, That the Governor, Deputy-Governor, and whole Twenty four Directors, should be annually elected out of the *Scots* Adventurers; and thirteen Trustees out of the *English* Proprietors, to manage what Affairs the Company should happen to have at *London*, and for corresponding with the *Scots* Directors: And in a very few Years thereafter, the Number of the *English* Proprietors being

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reduced to less than Thirteen, the whole Direction and Management of the Bank did center in *Scotland*; and in all Probability will continue so.

By the Act of Parliament, the Bank is declared to be a perpetual Company, and Body corporate, endued with several Privileges, particularly, all others were debarred from Banking for the Space of twenty one Years; and the foreign Subscribers and Adventurers are naturalized.

After compleating of the Subscriptions, the Proprietors proceeded to the Election of a Governor, Deputy-Governor, and Directors; which being finished, the Court of Directors in *Scotland* made Choice of proper Servants, such as Treasurer, Accomptants, Secretary, Tellers, &c. And after digesting the general Rules for managing the Affairs of the Company, and getting the Adventurers Approbation thereof, they entred upon Business

The Company had made but little Progress, when about the middle of *June* 1696, the Court of Directors of the *African* Company, which was established by Act of Parliament, about the Time of the Erection of the Bank, by the Advice of some of their Directors, whose Opinion was too much, and too long followed, came to a Resolution, and made an Act for carrying on a Trade of Banking; which (as afterwards soon appeared) was not proper or convenient for a trading Company, whose Business lay in a quite different Channel: But the Design was well known to be in Odium of the Bank, and of Purpose to defeat that Company, at its first setting out, contrary to the seclusive Right and Privilege of the Bank.

Mr. *Holland* was at this Time in *Scotland*, and elected Governor of the Bank; And he with the Directors, observing the whole Humour of the Nation to run upon the *African* Company, and the Bank little noticed, even by such of its Proprietors as had subscribed to the *African* Company; they resolved not to quarrel with that (then) Mighty Company, nor plead the Bank's seclusive Privilege; but rather to ly by for a little,

little, and only so to manage their Affairs, as not to suffer an Affront in their Infancy, by a Demand on the Bank greater than the Amount of their Cash: And this they did effectually, but with some Loss to the Company; for it obliged the Proprietors to advance two Tenths of their Stock, besides the Tenth paid in at subscribing, and put a Stop to all Negotiations for a Time.

But the *African* Company soon found the Evil of their Directors meddling with Banking; for having struck Notes to a considerable Value, they entrusted some employed by them with great Sums; and in order to spread their Notes, and to hinder the Bank notes from circulating, they lent Money to their own Adventurers, to a certain Proportion of their Subscriptions; but I have been told, were never able, either to get full Compt and Reckoning for the Money they entrusted, or Payment of the Money they lent; so that the Company's Stock was much impaired, and in a little Time they were forc'd to give over the Trade of Banking.

Some of the *English* Proprietors in the Bank, being much disgusted with this unjust Attempt of the *African* Company, and turning jealous of the *Scots* Temper, chused rather to forfeit their Interests in the Bank, than to advance the two Tenths of Stock called for; and did suffer their Shares to be roused and sold for the Use of the Company, according to the Certification and Penalty in the Act of Parliament.

The Directors of the Bank having overcome this Difficulty, which at the Time was thought greater than any that the Company could ever meet with afterwards, they again set about Business, having a pretty good Cash in hand, and an encouraging Credit, upon the Circulation of their Notes. They lent out a considerable Sum of Money, upon many different Securities, heritable and moveable.

And that they might extend the Business of the Bank as far as they could, for the common Advantage of the Nation, the
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Directors, with Consent and Approbation of the Adventurers, in a general Meeting, did commence an Exchange Trade.

And for carrying the Circulation of their Notes thro' the greatest Part of the Kingdom, they did erect four Offices; to wit, one at *Glasgow*, one at *Aberdeen*, one at *Dundee*, and one at *Montrose*, with Cashiers and Overseers at each Place, for receiving and paying Money, in the Form of Inland Exchange, by Notes or Bills made for that Purpose.

After they had made Trial of these for some Time, they found that the Exchange Trade was not proper for a Banking Company, and was an Encroachment upon, and an interfeiring with the Trade and Business of private Merchants; a Bank being chiefly designed as a common Repository of the Nation's Cash, a ready Fund for affording Credit and Loans, and for making Receipts and Payments of Money easy, by the Company's Notes: Therefore the Directors gave up the Exchange Trade. And as to the foresaid four Offices, they found that it was impracticable to support them, but at an Expence far exceeding the Advantage and Conveniency arising therefrom: For tho' the Company would willingly have been at some moderate Charge to keep them up, if they could thereby have effectuated an answerable Circulation of Bank-notes about these Places, for accommodating the Lieges in their Affairs; yet they found that those Offices did contribute to neither of those Ends; for the Money that was once lodged at any of those Places, by the Cashier's issuing Bills payable at *Edinburgh*, could not be redrawn thence by Bills from *Edinburgh*: So the Directors were obliged to give up these Offices, (after having been at considerable Charges in the Experiment) and to bring their Money to *Edinburgh* by Horse-carriage.

At last the Company's Business was wholly restricted to Lending of Money, which seems to be the only proper Business of a Bank, and all to be transacted at *Edinburgh*.

For managing this Trade of Lending Money, the Company at their first Establishment laid down certain Rules, according to

to which the Directors (who are under an Oath, *de fidei*) do faithfully act. But upon Trial and Experience, those Rules are altered and amended, by Authority of the Adventurers in a general Meeting, as the Company sees Cause so to do, according to the Circumstances of Time and Things.

The Company lends Money upon Bond, both heritable and personal; also upon Bill at short Usance, by way of Discompt, for a Month or two, under certain Regulations now pretty well known, but still alterable as the Company shall find convenient.

About the Middle of *May* 1698, the two Tenths of Stock, called in from the Adventurers upon occasion of the *African* Company's setting up a Bank, was fully returned to them; the first Subscription-money being at that Time found sufficient for negotiating the Bank's Affairs: And the Directors went on in Business without any Disturbance.

✓ For making the Circulation of Bank-notes more extensive and easy, even in small Sums, the Company in *January* 1699 ordered Notes of Twenty Shillings to be made: Which was accordingly done, and are found to be very convenient, not only in the Country, but also in the City of *Edinburgh*; tho' there is scarce any Hopes that they can obtain a Currency, to any considerable Value, in our publick Markets and Fairs, as some have thought; for nothing answers there among the common People, but Silver Money, even Gold being little known amongst them.

In the Beginning of *February* 1700, the great Burning in the Parliament Clois happened; and the Bank-office being there at the Time, the Directors and others concerned did with great Care and Diligence carry off all the Cash, Bank-notes, Books and Papers in the Office; being assisted by a Party of Soldiers, brought from the Castle by the Earl of *Leven* then Governor thereof, and Governor of the Bank; who, with the Lord *Ruthven*, then a Director, stood all the Night directing and supporting the Soldiers, in keeping the Stair and Passage from being over-crowded: But the Company lost their Lodging and whole Furniture in it.

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This Disaster was not past above twenty Days, when a new Trouble and Difficulty came upon the Company, which was very surprizing, and was this. One *Thomas Macgbie*, who was bred a Scholar, but poor, of a good Genius and ready Wit, of an aspiring Temper, and desirous to make an Appearance in the World, but wanting a Fund convenient for his Purpose, was tempted to try his Hand upon Bank-notes. At this Time all the five Kinds of Notes, viz. *L. 100, L. 50, L. 20, L. 10, and L. 5*, were engraven in one and the same Character, which gave him the Conveniency of perpetrating his Villany. He, by artful Razing, altered the Word *Five*, in the Five Pound Note, and made it *Fifty*. But good Providence discovered the Villany, before he had done any great Damage, by the Means of the Check-book, and a Record kept in the Office; and the Rogue was forced to fly abroad. The Check-book and Record are so excellently adapted to one another, and well contrived; and the keeping them right, and applying thereof, is so easy; that no Forgery or Falshood of Notes can be imposed upon the Bank, for any Sum of Moment, before it is discovered. After discovering this Cheat of *Macgbie*, the Company caused engrave new Copper-plates for all their Notes, each of a different Character, adding several other Checks; so that 'tis not in the Power of Man to renew *Macgbie's* Villany.

From this Period the Affairs of the Bank went on, without any Disturbance, until *December 1704*, that a great Demand for Specie was made upon the Bank, occasioned by a Rumor which spread over all the Kingdom, That the Privy-Council was by Proclamation to raise the Value of the several current Species.

The Report and Run upon the Bank continued so long, that the Company's Cash was at last exhausted, and Payments at the Bank stopt: But that no Person posselt of Bank-notes should be a Loser, by having their Money ly dead and usefess, the Proprietors of the Bank in a general Meeting, declared all Bank-notes then current, to bear Interest from the Day that Pay:

Payments were stopt, until they should be called in by the Directors, in Order to Payment. And that the Nation might be ascertained of the Sufficiency of the Bank's Stock, and Goodness of the Company's Security, the Director's applied to the Privy-Council, entreating that a Committee might be appointed to inspect the Company's Books, and State of their Stock, which accordingly was done, and a Memorial thereanent published, which gave such universal Satisfaction, that Payments were thereafter as current as ever, and no Stop in Business, every Body taking Bank-notes, as if no Stop had been for Want of Specie, knowing that they would at last get their Money with Interest.

At this Time the Company thought fit to call in a Tenth of Stock from the Adventurers, which was punctually paid by each Adventurer: And in less than five Months thereafter, the Company being posselt of a good Cash, the Directors called in the Notes that were charged with Interest, and issued new Notes, or made Payment in Money, in the Option of the Possessors of the old Notes. And very soon the Affairs and Negotiations of the Bank went on as formerly; and all Things continued easy until the Year 1708.

In *Anno* 1707, the Union betwixt the two Kingdoms was concluded, and the Articles approven by both Parliaments, by which it was stipulated, That all *Scots* and foreign Species then current in *Scotland*, should be recoin'd, and brought to the Standart of *England*; and the Deficiency in the Recoinage, was ordered to be made good and paid out of the Equivalent. The Direction whereof was remitted to the Privy-Council of *Scotland*.

The Council held several Conferences upon the Subject, and had under Consideration several Proposals how this Recoinage might be best carried on, without putting a Stop to the Currency of Payments, which would have occasioned great Disorder, and interrupted all Commerce and Business, the only dangerous Difficulty and Inconveniency in that Affair. But no

no Method suggested was so easy, and had the Probability of being effectual, as that proposed by the Directors of the Bank; the Substance whereof was, The Directors undertook to receive in all the Species that were to be recoin'd, at such Times as should be determined by the Privy-Council, and to issue Bank notes or current Money for the same, in the Option of the Ingiver of the old Species, and the Privy Council allowed a Half *per Cent.* to the Bank for defraying Charges. The Proposal was agreed to, and a Contract drawn up and subscribed by the Privy-Council and the Bank, in the Form of an Act. The Particulars whereof need not now be mentioned, seeing that great Work is over, and was performed to the great Satisfaction, Ease and Advantage of the whole Nation; and a Reward to the Company was promised for the Service, after finishing the Work.

After the Recoinage was ended, the Matter was laid before her late Majesty Queen *Anne*, in a Memorial by the Directors of the Bank, which was by Her Majesty remitted to the Lords of Treasury; and their Lordships did refer the same to the Barons of Exchequer in *Scotland*; and the Facts therein set forth, to be by them enquired into, and their Opinion thereof to be reported to the Lords of Treasury. Accordingly the Barons took Cognizance of the Facts represented by the Directors of the Bank, and signed their Report thereupon. But Her Majesty's Death interveening, and Variety of publick Affairs on that Occasion and since occurring, the Directors have not found a convenient Opportunity for prosecuting their just Claim to the Government's Favour and Reward for that reasonable and very useful Service.

During the Recoinage, the Bank was exposed to very great Hazard and Risk, greater indeed than the Directors did suspect or could foresee: For in *March 1708*, the *French Fleet* appeared at the Mouth of the Firth of *Forth*, in the (then) intended Invasion. At which Time the Bank had a very great Sum lying in the Mint in Ingots, and a considerable Sum in
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the Bank, brought in to be recoined, besides a large Sum in current Species; all which could not well have been carried off and concealed.

The Invasion being over, the Affairs of the Bank went smoothly on: The whole Nation was most sensible of the great Benefit that did redound from the Bank's undertaking and effectuating the Recoinage; and in the mean Time, keeping up and preserving an uninterrupted Circulation of Money.

In *September 1710*, one *Robert Fleming*, a very poor Man, who taught an *English* School at *Hamilton*, was taken up for cheating some poor People with Twenty-Shillings Notes, all wrote with his own Hand, and a dark Impression made like the Seal of the Bank. He was prosecuted for the Forgery; and on his own Confession found guilty, and condemned to Death; but having been reprimed by Her late Majesty several Times, and at last during Pleasure, he after Her Majesty's Death obtained a Remission.

In *September 1715*, the late Rebellion broke out, which (as it could not otherwise be) occasioned the whole Species in the Bank to be drawn out, and a Stop of Payments, the Directors privately encouraging the Demand, lest the Money should fall into the Hands of Enemies.

But the Directors took Care to retain the whole Cash belonging to the Government; and after all the rest of the Money in the Bank was issued, they delivered the publick Money; which was lodged in the Castle of *Edinburgh*, being about *L. 30,000 Sterl.*

At this Time the Directors caused publish an Intimation, declaring all Bank-notes then running to bear Interest, as was done before in *December 1704*, until they should be called in, in order to be paid. And in *May, June and July 1716*, they were all called in, and the Directors proceeded again in Business and Negotiations.

After all these Difficulties were overcome, and that the Nation had full Proof of the Candid and fair Management of the
Di-

Directors, and of the Conveniency and Advantage that Persons of all Banks and Circumstances have by the Bank, it might justly have been expected, that no Project prejudicial to the Company would have been set on Foot.

Yet a Spirit of Envy appeared in some of a projecting Genius, in this Manner; *First*, Groundless and unreasonable Complaints were raised and spread to the Disadvantage of the Bank; such as these, That the Directors are too much restrained in extending the Company's Credit; That they are too scrupulous in taking Securities; That they demand too high Interest, tho' it is less than what is allowed by Law; That the Stock of the Company, and the Proportion advanced thereon, are too small; That the Number of Proprietors are too few; and that therefore new Adventurers should be assumed, and the whole general Rules of Management revised and altered.

These Complaints are so trifling, that the Directors thought it needless in any publick Manner to take Notice of them; for they rightly judged, that they were trumped up, only, to usher in some sinistrous Design against the Bank, which accordingly did soon appear.

First, A Proposal was in private suggested to some in the Direction of the Bank by a Proprietor in the Equivalent Stock, and also an Adventurer in the Bank, about the Equivalent Debentures; *viz.* That the Bank should enter into an Agreement with the Proprietors thereof; the Nature of which will best be understood by the Proposal, as it was given in to the Directors of the Bank, and their Answer to it; which are as follows.

The Proposal was thus, "*December 1719*, A Gentleman of Distinction, a Well-wisher of his Country, and of the Bank of *Scotland*, proposes that there may be a Contract betwixt the Bank, and the Proprietors of the Equivalent Debenture Bills, or so many of them as shall be willing, which he thinks may amount to *L. 150,000*, or perhaps to the whole of *L. 250,000*, to be joined to the Bank's Subscri-

"ption of L. 100000, making together L. 350000 *Sterling*;
 "and there being L. 10000 *Sterling per annum* settled by Act
 "of Parliament, for Interest at 4 *per cent.* to the Proprietors
 "of the Debenture Bills; the Bank by this Agreement, may
 "have yearly the Proportion of that Sum, as L. 100000 their
 "Capital Stock, bears to L. 250000 the Capital of the De-
 "bentures, which is $\frac{2}{5}$ of the L. 10000, and the Proprietors
 "of the Equivalent Bills to have $\frac{2}{5}$ thereof, and of the year-
 "ly Profits of the Bank arising by the Course of their Ma-
 "nagement; and the other $\frac{3}{5}$ to the Proprietors of the Bank.
 "But in regard the Bank has only advanced $\frac{1}{10}$ of their Ca-
 "pital Stock of L. 100000, and the Proprietors of the Equi-
 "valent Debentures will have advanced their whole L. 250000,
 "at least must be so understood, the full Interest thereof com-
 "ing in yearly as above said. To the Effect therefore, that
 "the agreeing Parties may be on an equal Footing, it is pro-
 "posed, That the Proprietors of the Debentures shall draw
 "out from the Bank in their Bank-bills at such Times as
 "shall be stipulated, $\frac{2}{10}$ of their Capital, *viz.* L. 225000, or
 "such other Sums as shall be agreed on; which being done,
 "the Stock for negotiating Business will be at least L. 35000,
 "whereof L. 25000 in Equivalent Bills, being the Proprie-
 "tors of the Debentures their $\frac{2}{5}$ Concern; and L. 10000 in
 "in *Specie*, being the Bank Proprietors their $\frac{2}{5}$ Concern: Be-
 "sides it may be proposed for the Bank, that they may have
 "the L. 600 for Management, at least some considerable
 "Share thereof. And 'tis further suggested, that in virtue
 "of this Agreement many Advantages to the Bank may be
 "obtained from the Government, such as the L. 2000 yearly
 "allowed for all Pretensions of growing Equivalents due to
 "Scotland, and the Disposal of the L. 14000 for Wool." This
 "is the Proposal *verbatim*, as it was given in to the Directors
 "of the Bank in an unsubscribed Paper; to which the Directors
 "returned this Answer, *viz.*

"The

“ The Court of Directors of the Bank, have received and
 “ perused the Proposal made in Behalf of the Proprietors of
 “ the Equivalent Stock, and are most sensible of the Gentle-
 “ man’s Good-will to his Country, and his particular Concern
 “ for the Prosperity of the Bank; and therefore, give their
 “ Opinion of the Proposal with all Frankness, and as plain as
 “ they can.

“ The Proposal in Substance is this, That by a Contract
 “ betwixt the Proprietors of the Bank, and the Proprietors
 “ of the Equivalent Debentures, the last are to join their
 “ Stock of L. 250000, to the Bank’s Capital of L. 100000,
 “ and thereby entitle the Bank to their Annuity of L. 10000
 “ payable by the Government:—And on the other hand, the
 “ Bank to pay out to the Equivalent Proprietors $\frac{2}{5}$ of their
 “ Stock, which is L. 225000, in Bank-notes; and the whole
 “ Profits of the Bank to be divided proportionally amongst
 “ the whole Adventurers of the Bank, and Proprietors of the
 “ Equivalent; that is, $\frac{5}{7}$ to Equivalent, and $\frac{2}{7}$ to the Bank
 “ Proprietors.

“ The Proposal, upon due Consideration, will appear to be
 “ most disadvantageous to the Bank; and if complied with,
 “ would expose the Company to very great Hazards, if not
 “ certain Ruin.

“ The Act of Parliament establishing the Bank, seems to
 “ be a Bar from entering into such a Contract; for the Stock
 “ is limited to L. 100000, whereof at least $\frac{2}{3}$ must be-
 “ long to *Scotsmen* residing in *Scotland*; and upon this Quo-
 “ ta, the Government and Direction of the Bank is fixed:
 “ But supposing this Difficulty to be removed or salv’d, the
 “ Disadvantage and Hazard to the Bank will appear from what
 “ follows.

“ 1. The Bank being an established Company of a pretty
 “ long standing, and the Stock thereof valuable, and com-
 “ monly valued according to its Prosperity and Standing;
 “ it should not be expected, that the Bank Proprietors will af-
 “ fume

“sume new additional Partners, either by Subscription, or
 “on such a Stock as the Equivalent, except upon a due Va-
 “luation of the Bank Stock, in comparison with the Stock
 “to be joined: In which Case, no new Stock to be subscrib-
 “ed for, and added to the Bank, can be valued higher than
 “at the current Rate of Interest, and the Equivalent Stock
 “only at 4 per cent. whereas Bank Stock may be reckoned
 “at least 10 per cent.

“2. The present Stock of the Bank, after twenty four Years
 “Experience, is found to be sufficient to carry on and nego-
 “ciate all Affairs in the Way of Banking, as far as this Na-
 “tion can bear; and therefore to enlarge the Capital Stock,
 “must necessarily prejudice the Proprietors: If a further Stock
 “were needful, the Proprietors would willingly enlarge it
 “themselves.

“3. The Equivalent Stock is settled at 4 per cent. Interest;
 “whereas Bank Stock cannot be valued less than at L. 5 per
 “cent. so by the Contract proposed, the Bank would af-
 “sume a Stock at a low Interest, upon theirs at a high Inte-
 “rest.

“4. If the Bank shall give out $\frac{2}{10}$ of the Equivalent Stock,
 “which is L. 225000 in Bank-notes, the Proprietors of that
 “Stock will get $\frac{2}{10}$ of their Stock at 4 per cent. made good in
 “a Stock at 5 per cent. Interest; and for the other Tenth of
 “their Stock become entitled to $\frac{1}{10}$ of the whole Profits of the
 “Bank, arising both on their established Trade, and the An-
 “nuity of L. 10000 on the Equivalent Stock, without pay-
 “ing any Præmium, or running any Hazard in case of a Di-
 “stress upon the Bank, except the Forfeiture of $\frac{1}{10}$ of their
 “Equivalent Debentures, which they would easily bear, con-
 “sidering that these Debentures were purchased at an easy
 “Rate, and that they get the other $\frac{2}{10}$ made good in a Stock
 “at 5 per cent. which affords an Annuity of L. 11250, in
 “Stead of L. 10000 paid on the whole Stock of L. 250000
 “by the Government.

“5. By

“ 5. By such a Contract, the Bank communicates $\frac{2}{7}$ of their present Profit to the Equivalent Proprietors, for $\frac{2}{7}$ of $\frac{1}{10}$ of the Annuity of L. 10000; and in case of a Distress upon the Bank, and in that case, the Equivalent Proprietors shall relinquish their Interest, and forfeit their $\frac{1}{10}$ (which it will be their Interest to do) the Bank must make good L. 225000 at 5 *per cent.* for L. 250000 in Equivalent Debentures, yielding only 4 *per cent.* Interest.

“ 6. The whole Proposal, as to the Bank, is no better than this, that the Bank shall lend out L. 225000, on a Pledge of Equivalent Debentures of L. 250000, with this Disadvantage, that the Borrowers are not to be bound to repay and take up their Pledge; whereas if the Bank did incline to launch out such a Sum in lending, they could do it at 4 $\frac{1}{2}$ *per cent.*, and get good Security for Repayment of the Principal.

“ 7. The Annuity of L. 10000 is redeemable by the Government, on Payment of the L. 250000 of Stock; now if the Government shall redeem, this Stock must be divided proportionally amongst the Bank Proprietors, and the Equivalent Proprietors, whereby the Equivalent Proprietors will shuffle the Bank Adventurers out of the greatest Part of their Bank Stock.

“ As to the last Part of the Proposal, relating to the L. 600, and the 2000 *per annum*, and the L. 14000 for Wool, the Directors have nothing to say, these being altogether uncertain, or rather not to be expected.”

The Gentleman who made the Proposal, being well known to the Directors, they sent three of their Number to wait on him, and deliver a Copy of the Answers as above set down: But he it seems being fully possess'd with a good Opinion of his Proposal, having in the very Entry of his Discourse ask'd them, “ if the Directors were pleas'd with the Proposal; ” and perceiving by their Way of answering, that they were not, he interrupted them in their Discourse, refused all Communing or
Rea-

Reasoning, and so prevented their offering him a Copy of the written Answers.

The above Proposal being thus drop'd, a new Project was in a little Time, about the Beginning of *December* 1719, set on foot; which, tho' at the Beginning it had no Appearance of interfeiring with the Bank, and was so given out by those chiefly concerned therein; yet it was soon discovered, and owned to be contrived, either to run down the Bank, or force the Company to assume them.

The Project was this: A certain Number of Persons, about seventy five in all, Lawyers, Writers, Merchants and others, amongst whom was the Gentleman who made the Proposal above, did enter into a Society, by Contract, under the Name of *The Edinburgh Society*, for insuring of Houses against Loss by Fire.

This Project very quickly proved abortive, before they had made any Progress of Moment, or had made any Insurances of Value. For some Heritors of *Edinburgh* made a Plan of Insurance for the whole Heritors, or as many as should think fit to join, and erected a Society under the Name of *The Friendly Society*; which in all Probability will be a standing Society, of a common Benefit to all Heritors who shall join in it, and has already made very great Progress and Advance.

The *Edinburgh Society* observing that their Project of Insurance was only calculate for their own Benefit, and that the Benefit which should arise in the *Friendly Society* was to belong to the Persons who are insured therein; they gave up their Insurance-project; having no Prospect that any Heritor who had a mind to insure, would insure with any other Society than the *Friendly Society*; in which the Insurers are the Insured, and *vice versa*, the Insured are the Insurers, and so the Profit or Loss of the Society is common to all; which indeed is the most Prudent, Rational and Friendly Project of Insurance that ever was thought of and contrived.

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They had no sooner given up their Insurance Affair, but the leading Members gave out, that the Insurance was but a small, yea the meanest Part of their Design, (and probably it was so) but that it was not yet Time to disclose what they chiefly designed : And that they might carry on what they chiefly intended, a Committee of Secrecy was named, at least a very few took upon them the chief Direction of all Matters, openly pretending that they only knew what Business the Society was to prosecute, and in what Manner. And so very close-minded were these four or five Members, that when a Gentleman of good Esteem, who was chosen a Director, did ask one of these Secretaries, what the Society was to do, now that they had given up the Insurance; he was gravely told, that it was not yet Time to answer the Question: Upon which he, displeased with such Behaviour, and expecting no good of the Project, proposed to sell off his Interest; which one of the Society, who had more of implicate Faith, than he, took off his Hand, and gave him L. 50 of Profit, to prevent the Society's falling into Disesteem.

There was nothing talk'd of by the Friends of the Society, but the raising and advancing Trade by Projects never before known, and making *Scotland* flourish beyond what it ever did before; but how, was kept a Secret. All this while nothing was said touching the Bank: But the Scene gradually opened, and the Business of Trade soon appeared to be no Part of their Project; for there never was one Thought suggested on that Head. An Attack upon the Bank was the whole Secret; which the Directors of the Bank timeously perceived, tho' the chief Managers of the Society flatly refused it, when asked about it. But at last the old thread-bare Complaints against the Bank were renewed, That the Management and Rules of Lending were too narrow and confined, the Directors too nice about Security at Lending, the Stock too small, and all the other idle Stories, not worthy to be repeted: And at last the Society openly declared, that they were determined, either to run down the Bank, or force a Coalition with it; which they proposed to

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bring about, by occasioning a Run or Demand upon the Bank, and cause a Stop of Payments, and thereby (as they thought) put an End to its Business, and set up a Banking Trade on the Society's Stock. To which Purpose a very unthought of Opportunity offered, and which that Society joyfully embraced, looking on their Design as accomplished; which was this: That Society having got together about L. 8400 in Bank-notes, and the Actions of the *South-Sea* Company, and Reputation thereof, having risen high, and the Trade of Stock-jobbing having arrived to an unheard of Pitch, so that Persons of all Ranks were bewitched with it; there were very considerable Sums in *specie* carried from *Edinburgh* to *London*: The *Edinburgh Society* spread a Report, that there was a great Run upon the Bank; and under Pretence that they were soon to have Occasion for their Money, they called for their L. 8400 all at once; thinking indeed to raise a Jealousy against, and cause a Run upon the Bank: But they miss'd their Design; for as there was no extraordinary Demand before, so it occasioned none to follow; such who did export Money, being provided with Gold, and the proper Species for Export, otherwise than at the Bank, where they knew they would be denied Gold, and get only the worst of Species for their Purpose. The Society coming short in this Piece of their Art, they made Interest with all the publick Cashiers, as far as they could, to make their Demands on the Bank; but prevailed with none, except the Trustees for the Equivalent, who demanded what thereof was in Bank-notes, and carried the Money to the Castle of *Edinburgh*. But the Commissioners of the Customs, those of the Excise, and the General Receiver, tho' one of their own Number, waved the Proposal, and continued their Cash in the Bank.

Notwithstanding all this, and that the leading Men of the Society were told by some concerned in the Bank, that they would not be able to drain the Bank, even tho' they should get all the publick Money under their Direction; they continued

nued their Bravadoes; and in great Condescension, and in good Nature (as they said) to the Bank, they proposed a Treaty of Peace, and about the 20th of April said Year, gave in to the Court of Directors of the Bank a Paper to the following Tenor.

Proposal for uniting the Bank of Scotland and the Edinburgh Society, in order to prevent mutual Injuries, and lay a solid Foundation for their being subservient and assisting to one another.

“ The Adventurers in the Bank shall transfer to the Members of the *Edinburgh Society* six hundred Bank-shares, and shall receive at the Rate of Two hundred Pounds Scots for each Share so transferred, the Sum of Ten thousand Pounds Sterling as the Price of the said Six hundred Shares.

“ The Transferences shall be made in such Manner as is consistent with the Constitution of the Bank, and so as the present Direction thereof be not disturbed; that is to say, No Member of the *Edinburgh Society* shall have more as Twenty Shares in his own Name; and altho’ Transferences are to be made, how soon this Proposal is agreed to; yet such of the Directors as will become disqualified by transferring half their Shares, shall retain so many Shares as qualify them for their present Stations, till the next annual Election; but shall become bound to transfer half their Shares soon after, to such Persons as the *Edinburgh Society* shall appoint, upon payment of the Price aforesaid.

“ The Directors of the Bank having had sufficient Experience of the Fidelity and Capacity of their Treasurer, Accountant and Secretary; a Method may be thought of to ascertain their Continuance in their Offices.”

Tho’ the Haughtiness of that Society, at least of the Person of the Proposal, is very obvious, as the Proposal it self was ridiculous; yet the Directors of the Bank resolved, out of Respect to several Persons of good Esteem in the Society, to return a discreet Answer: Which was prepared in the following Terms.

Answers by the Directors of the Bank, to the Proposal for uniting the Bank and the Edinburgh Society.

“ As to the *first Part*, *That the Adventurers in the Bank shall transfer one half of their Shares to the Proprietors of the Edinburgh Society, at L. 200 Scots per Share* : The Directors cannot undertake the Performance of this, because every particular Proprietor in the Bank has a Negative as to the Disposal of his Shares ; and there is no Probability that they will agree to the Proposal, even tho’ a higher Price had been offered. And if this Part of the Proposal could be forced upon all the Adventurers, by a Majority of Voices in a general Meeting, it would incapacitate many Adventurers for being Directors, who are very fit for the Office, and would break and divide many Shares where the Number is odd, contrary to an express Clause in the Act of Parliament establishing the Bank. Next, If a full Half of the Shares of the Bank should, in Terms of the Proposal, be transferred to the Members of the Society ; they would soon make themselves absolute Masters of, and over-rule all Elections, by purchasing a few Shares more, tho’ at a high Rate ; and in consequence, have it in their Power to alter and innovate the whole Rules of Management and By-laws. And no doubt the present Proprietors of the Bank, especially all who have been in the Office of Director, will be jealous of the Constitution of the Bank, in case the Direction should fall in the Hands of Persons not so well acquainted with the State of the Kingdom, as those who have served as Directors of the Bank ; especially, if these new Directors shall happen to be Gentlemen of extensive Views and projecting Spirits.

“ As to the *second Part* of the Proposal, relating to the *Continuance of the present Directors until the next annual Elections* : The Proposers may readily believe, that no Adventurer who thinks himself fit to be a Director, will unqualify himself by giving off half his Shares : And agreeing to this Proposal will, *ipso facto*, incapacitate all who have fewer
“ Shares

“ Shares than six, tho’ he or they do not instantly transfer; seeing they could not be interpret to hold the Shares any otherwise than in Trust, which is directly against the Provision in the Act of Parliament, touching the Qualifications of Directors, and contrary to the Oath *de fidei*, sworn by each Director at his Entry upon the Office.

“ As to the *third* and *last* Head of the Proposal, concerning the present *Treasurer*, *Accomptant* and *Secretary*, their being continued in their Offices; The Directors are of Opinion, That (according to the Practice of the Bank) all Servants to any Company should hold their Offices of the Company and its Managers, *durante bene placito*.”

But as this aspiring Society was going on in their high Pretensions, without setting about any Business, saving the making the above Proposal to the Bank, and before the Directors of the Bank gave them their Answer; An Act of Parliament was past for putting a Stop to Stock-jobbing, and hindring designing Men from setting up Sham-Companies, to cheat unwary Persons, commonly called the *Bubble Act*. The Lawiers of the *Edinburgh* Society gave it as their Opinion, That their Society fell under the Act; and so they dissolved the Society: And in a few Months thereafter, *South-Sea* Stock-jobbing came to an End; and that Stock fell from above 10 or 11 Cents to below *Par*, by which many Families were ruined.

About the End of the Year 1721, after the *South-Sea* Adventurers were returned from *London*, a Gentleman (a very active Member in the *Edinburgh* Society) brought a Proposal to the Bank from the Royal Exchange Assurance Company at *London*: Upon first Perusal of it, the Directors of the Bank did reject it, as obviously hurtful to the Nation, and disadvantageous to the Bank, calculated only for the Benefit of that foreign Company, under some specious, but very fallacious Pretences of increasing the *Specie* of the Nation, and enabling the Bank to extend its Credit more than ever before.

After

After he found that the Directors of the Bank did not relish the Proposal, and that they declined to entertain Communings with him on the Subject, (for he was willing to go into Alterations on the Proposal, provided only that he could have brought about any Bargain acceptable and beneficial to his Employers) he thought fit, *Anno 1722*, to publish a Pamphlet on the Subject of his Proposal, expecting thereby, I believe, to get the Populace on his Side, and to raise a Clamour against the Directors of the Bank, if possibly he might in that Way bring about something for the Pleasure and Profit of his *London* Friends. And seeing I am accounting for every Thing objected against the Bank, and the Management of its Directors, so far as Things have come to my Knowledge, I shall in few Words expose the Unreasonableness of the Proposal.

The Sum of the Proposal is this: The Royal Exchange Assurance Company was to send down to the Bank 20000 *Lib. Sterl.* a Sum exactly equal to the two Tenths of Stock then advanced by the Proprietors of the Bank on their capital Subscription, for which the said Company was to be entitled to one half of the whole annual free Profits in the Bank, after setting aside 2500 *Lib. Sterl.* to the Bank Proprietors. Any other Particulars in the Pamphlet, such as Proposals about Exchange, &c. are not worth noticing, for the Proposer gave them all up, as Things only overly proposed by him, but never deliberately considered; tho' he brought all into the Pamphlet to make it pass the easier, and, as I suspect, to divert the Reader from too narrowly examining his main Project.

Now as to the Proposal, it resolves in this, that the Directors of the Bank should borrow *L. 20,000* from Foreigners; and instead of paying only the Interest of that Sum annually, the Bank should give them a Half of all its yearly Profits, after setting aside *L. 2500* to the Bank Proprietors. As to which 'tis to be observed, that the Proposal supposes the Bank
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to want such a Sum in Cash, to enable them to enlarge and extend the Company's Credit; whereas if the Bank had wanted a further Stock of Cash, than the *L.* 20000 then paid in, the Proprietors would willingly have advanced it; so there was no Need of borrowing from Strangers, at the dear Rate proposed; and the Adventurers are in Use to make Advances on Stock from Time to Time, as the Company's Affairs do require. But the Proposer alledges, that the calling in Stock from the Adventurers, does not at all strengthen the Company, because as he thinks, it will not be paid *in specie*, but in Bank-notes already issued. To which 'tis answered, That *Specie* and Bank-notes are the same to the Bank; for what Bank-notes are circulating, are either given out for *Specie* brought into the Bank, or in the ordinary Course of Business; and so in Proportion to the Stock called for, and paid in by the Adventurers at what ever Time or Times, whether the Payments are *in specie* or Bank-Notes; the Cash of the Company is really increased either by Money brought in, or the Demands on the Company are lessened, if the Payments are in Bank-Notes, and the Cash in hand sav'd; and so the bringing in Notes is equally serviceable for strengthening the Company, and in every Circumstance as good as bringing in Money from Strangers in the manner proposed: For it may be supposed, that that 20000 *L.* would not be paid *in specie*, but in Bank-Notes, seeing the Payers would no doubt take Care to have it transmitted in the way of Exchange, to save the great Hazard and Trouble of Sea or Land-Carriage, and so would come into the Bank in Notes already issued. And altho' it should be supposed, that the Sum would have been actually sent in *Specie* from *London*, it would not strengthen the Company, more than the like Sum raised from the Adventurers, and paid in *Specie* or Bank-Notes; for if it is paid in *Specie*, the one *Specie* is as good as the other; and if paid in Bank-Notes, the Demand on the Bank is so far lessened; and these are alike for the Company's Support, as is already shown.

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Thus I think it is evident, that it would have been an Injury done the Adventurers of the Bank, to take in Money from Foreigners, if Profit was to be made by it, as no doubt the Gentleman and his Favourite Company expected, when the Adventurers are willing themselves to pay in what Money is needful. And that it would have been a National Prejudice, will appear very clear, from making a Supposition of the Effect of making such an Addition to the capital Cash of the Bank, by enabling the Directors to extend the Company's Credit in Loans.

Suppose then, that after paying in the *L.* 20000, the Company's Credit were so far extended, as to raise the free Profits thereof annually to *L.* 7000; and I believe the Proposer and his Friends never thought so low by far, this Sum would fall to be divided thus: *First*, *L.* 2500 to the Bank Proprietors, and the remaining 4500 divided betwixt the Bank and the Royal Exchange Assurance-Company, there would fall *L.* 2250 to them, which is the Interest of the *L.* 20000, at more than 11 *per cent.* and this to be annually exported, for *L.* 20000 lying dead in the Bank; dead I say, because there would be no Need of it, as appears from what is said above.

From this Period to *January* 1723, nothing singular occurred; but on the 8th or 9th of this Month, a new Forgery of Twenty-shilling Notes was discovered: But tho the Directors took all Pains to discover the Author, and that they had Jealousy of some, yet they could never fix upon any particular Person as guilty.

After this, the Bank went on without any Disturbance, giving very universal Satisfaction to all Ranks of Persons, affording as extensive a Credit, as the Circumstances of this narrow Country will allow; and creating a great Easiness in Trade, and Currency of Payments.

But about the Middle of *November* 1726, the Company met with a new Trouble by a Forgery, which the Directors discovered of the Company's Twenty-shillings Notes; which obliged

obliged them to put a Stop to the Currency thereof, call them in, and cause contrive, engrave and publish new Notes, of the same Value, with new Checks against Forgery.

It being evident, that this and the former Forgery could not be accomplisht, without the Art and Help of an Engraver, the Directors before publishing the Forgery, caused get a List of all the Engravers, and such as keep Tailliedouce Printing-presses in and about the City, and obtained a Warrant from my Lord Justice-clerk for a Search, if happily any of the Tools or Instruments of the Forgery might be found in the Custody of any. The Search was made early in a Morning, in all the Houses and Work-houses of such as were in the least suspected as guilty; and of severals too, of whom there was no Suspicion, that if no Discovery was made, none should complain of an Injury or Affront done them: But nothing was found, that could give Ground of Jealousy against any Body; so there was little Hopes of discovering the villanous Author of the Forgery.

But on *Sabbath Evening, 25th December* said Year, Information being brought to the Secretary of the Bank, that there was good Ground to believe, that one *John Currie* a Bookbinder, was the Forger, at least accessory and privy thereto; and a Bit of Paper being shewn him, which *Currie's* Servant found in his Work-house, with an Impression on it (in Imitation of the Mark in the Paper of the Twenty-shillings Notes) of these Words, BANK OF SCOTLAND, he was thereby convinced, that *Currie* was privy to the Forgery; therefore on *Monday Morning*, Mr. *Spence* called a Committee of the Directors of the Bank, who got one of the Magistrates of *Edinburgh*, with one of their Clerks, and some Town officers, and went to *Currie's* House; but miss'd himself. After Search made at that Time, and on the Two following Days, in *Currie's* Work-house, Closet, Garret, and other Places of his House, many Things were found, that did convince all present, that he was at least privy and

accessory to the Forgery. During the first Day's Search, *Currie* himself being found on the Street by one of the Town-officers, was brought to his House; and being examined by Baillie *Nimmo*, and found prevaricating, he was committed to Prison. After his being some Days in Prison, he made a private Confession, of his having done the whole Forgery: But such Confessions are not a legal Proof of the Guilt against the Criminal. The Forgery is now under Trial before the Lords of Session, and will soon be brought to a Conclusion: But whether *Currie* will be subjected to the Pain of Death, or an arbitrary Punishment, I cannot say.

At the Time when the Directors were busied, about searching out the Author of the Forgery, they got Advice from *London*, of a new Design to rival the *Bank*, of which I shall give a very fair and ingenuous Account.

The Equivalent-Proprietors were some Years ago erected into a Society or Body corporate, by Letters Patents from the King, in Virtue of an Act of Parliament, for enabling them to manage their Stock, and to receive and distribute their Annuity of *L. 10000*, being the Interest of their Capital of *L. 250000 Sterl.* at 4 per cent. agreed to be paid them, until the Government shall think fit to redeem it, by Payment of the Capital itself. The Powers contained in these Letters Patents, being confined to the receiving and paying out said Annuity, and no Manner of Powers given for Banking, or other Business that could colour Banking; the Managers of that Society did propose petitioning the King, for a new Charter, with Powers of Banking in *Scotland*: They did limit these Powers to *Scotland*, because they well knew, that if it was otherwise, they would be opposed by the Bank of *England*. And that they might get the Bank of *England* to favour them, at least to be passive, they laid the Draught of the Charter before the Court of Directors of that Bank, desiring their Approbation thereof: But the Directors declined giving any positive Approbation, and only allowed a Declaration

ration to be given, signifying, *That for the present nothing in it appeared to them prejudicial to the Bank of England.* Endeavours were used by those concerned for the **Bank of Scotland**, to get a Copy of the Charter; but it could not be procured, which kept the Gentlemen in the **Bank of Scotland**, and their Friends and Doers at *London*, in Doubt, what Course to take to oppose it: But in the mean Time, their Correspondent at *London*, as the best Expedient he could think of, did enter a Caveat at the proper Offices, in Name of the **Bank of Scotland**, against the passing of that Charter. And he having advised the Directors thereof, they were well pleased with his Conduct and Management, and consulted together, and took Advice of some without Doors, what to do next in an Affair of such Importance: For it was obvious, that the entering of the Caveat, did state the Equivalent-Society and **Bank of Scotland** as opposite Parties. All concerned for the **Bank** did unanimously agree, that it was most proper and necessary, to petition the King, against granting that Charter; and by a Memorial to lay before His Majesty, what was then thought needful to be said on that Subject.

Here a Question will naturally occur to the Reader, why after expiring of the One and twenty Years that the seclusive Privilege continued, those in the **Bank** did not apply to the Parliament of *Scotland*, or at the Union, for extending the seclusive Privilege, if not to a Perpetuity, at least for a long Tract of Years, seeing the good Management of the **Bank**, and its being found so universally useful, would have made easy Way for the Grant? The true Answer to which is, That the renewing and extending the seclusive Privilege, was several Times spoke of; but it was still said and thought, that no Set of *Scotsmen*, who had the Nation's Welfare at Heart, would ever attempt to disquiet the **Bank**; and that a Proposal for a new Bank, would never obtain Favour in a *Scots* Parliament. And at the Union, it was not in the least

suspected, that there would ever appear any Society, much less a Society, with a Stock almost altogether belonging to Foreigners, or others than *Scotsmen*, or residing out of *Scotland*, countenanced by Subjects of *Scotland*, in rivalling the **Bank**; and therefore while the Kingdoms continued disunited, nor at the Union, did those in the **Bank** think it needful, to seek new seclusive Privileges.

By the Memorial above-mentioned, whereof a Copy is hereto subjoined, as it was renewed and presented to His present Majesty, it is evident, that those of the **Bank** do show all due Respect to the Equivalent-proprietors, and have said nothing, but what was absolutely necessary in their own Vindication, and for Support of the Company, though they have not met with the same Civility from the other Side, as will appear hereafter.

By entering the Caveat, and laying the Petition and Memorial before the King, against granting the Charter, the Equivalent-Society and the **Bank** were fairly stated as opposite Parties. And His late Majesty, upon presenting to Him the **Bank's** Petition and Memorial, having been graciously pleased to say, that the Matter should be examined, those who appeared for the **Bank** did expect, that no unfair Means would be used by those on the Side of the Equivalent-Society, and that a fair Trial of the Merits of the Cause on both Sides, before the Sovereign or his Ministry, would be the Rule for determining, which was in the Right; the Equivalent-Society in seeking a Charter, to rival the **Bank**; or the **Bank** in endeavouring to stop it, and support their own Company, and thereby prevent the very bad Consequences, that must necessarily follow a Rivalling betwixt Two Companies. But before any Hearing of the Cause, those concerned in the **Bank** were aspersed and calumniated, with unfair and unbecoming Names and Characters, held out as Enemies and disaffected to the Government; and the Management and Administration of the Company was exposed as selfish, and not so beneficial to
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the Nation as a **Bank** might be made, too much narrowed and limited, &c. These Calumnies were not in private, but open, and the false Facts were represented to the chief Ministers of State, to blacken the **Bank** and foreward the Charter.

I shall now, for the Satisfaction of all who are desirous to know that Affair, and how the Directors of the **Bank** behaved, publish to the World the particular Facts that were alledged against the **Bank**, and what was and is to be said in its Defence.

And 1st, As to the Accusation and Calumny of *Disaffection to the Government*. The Facts represented to His Majesty in the Memorial, presented to him for the **Bank**, and a printed List of all the Adventurers, a Copy whereof was sent to Court, do sufficiently confute it. And the reproaching and fixing a bad and hateful Character upon a goodly Number of dutiful and loyal Subjects; and the scandalizing and misinterpreting the Management of a Company, which on all Occasions has given undeniable Proofs of their Duty and Respect to the Government, and of their continual great Care and Concern for the Nation's Peace, Ease and Advantage, are pregnant Evidences that the Powers of banking in the Hands of such criminal Calumniators, will be neither for the Interest or Safety of the Government or Nation, if the Authors of these Scandals or their Abettors, shall have the Management of the new Bank; for such as can with Boldness abuse those who oppose their invidious and unjust Design, will stick at nothing that can foreward their private Interest, however hurtful to others. And here by the by I desire it may be particularly noted, how little *Scotland* is minded by the *Scots* Proprietors in the Equivalent Stock, when they are rivalling the **Bank**, and endeavouring to carry the Trade of Banking in favours of that Society: For if they shall succeed, the greater their Profits are, so far is the Nation prejudged thereby, seeing 210 Shares thereof must be exported for 40 only that belong to *Scots* Proprietors: Or *Scots* Men must pur-

purchase that Stock at an extravagant Rate at the Discretion of the foreign Proprietors ; and what must be the fatal Consequences need not be explained. This one Consideration is sufficient to convince every honest hearted Scots Man, That the wronging the present Bank, and favouring the Equivalent Society in any Business for making Profit by meer Credit in Scotland, is downright Destruction to the Nation.

Another Calumny was raised, *That the Directors of the Bank had sent L. 5000 to London, by one of their own Number, Mr. C——ng to be laid out in Bribes for stopping the Equivalent Society's new Charter.* A false and malicious Story ; the Directors of the Bank are Strangers to the villanous Crime of Bribery, and there was no Need of such a wicked Practice in so good a Cause as they had to maintain : All the Directors of the Bank continued in Scotland. Indeed Mr. C——g's Son, a very young Lad was at London, and probably some of the Equivalent Agents may have seen or heard of him, and that he had a Letter to a Gentleman a Friend of the Scots Bank, which was for no other Purpose but to introduce him to his Acquaintance. From this the Bank's Enemies did take Occasion to invent the Lie and Scandal of Bribing. It seems they are acquainted with the Practice.

I shall now set down the Objections that were made against the Bank, and the Management thereof ; and I hope to show in every Particular, that there is nothing of any Consequence in all that has been or can be said against the Company ; which, with the general Approbation given of the Bank these thirty Years past, by all unbiassed Persons, will I hope satisfy every Body that the Bank has been managed with great Prudence, and as much for the universal Accomodation and Benefit of the whole Nation, as the Nature of a Bank, and the Circumstances of this Country does allow. And that the Objections made against it by its Enemies, and such as have attempted to rival it, are Groundless ; and that their mighty Talkings of extending Credit, their regulating and reducing, or wholly taking away

way Exchange, their reducing Interest very low, &c. are but airy Schemes that cannot be accomplished.

The first Objection was, *The Smallness of the Bank's Capital Stock, and their refusing to assume others to enlarge it.* To which 'tis answered, The Stock subscribed for is *L. 100000 Sterling*, and was at the Beginning, and still is thought sufficient for the Nation's Security, and carrying on a Banking Trade in *Scotland*; and hitherto $\frac{3}{10}$ thereof actually advanced in *specie* by the Adventurers, has been found to be the highest Advance needful, to circulate all the Credit which is proper and convenient for the Nation to be issued by the *Bank*; and sometimes $\frac{1}{10}$ or $\frac{2}{10}$ has been found to be enough. When the Company shall see, that the raising more of their capital Stock, will be for the Nation's Advantage, and enable them to extend a further and proportional Credit, they will very readily advance it. So there is no Reason to complain of the Smallness of the Stock, or the refusing to assume others for enlarging it. If the Capital were tripled, or raised to *L. 400000 Sterling*, it would not contribute in the least to enlarge Credit by Loans, beyond what may be done upon the *L. 100000*, and $\frac{3}{10}$ or $\frac{4}{10}$ Tenths thereof actually paid in. For the Quota of Credit in a Banking Company, must be proportioned to the Stock of *Specie* in the Nation, learn'd and understood by long Experience; and not extended according to a capital Stock subscribed for; which cannot in the least help to support the Company's Credit, if the *Specie* of the Nation decay. And so there is no real Need of assuming additional Proprietors and further Stock into the *Bank*: And there is less Reason to unite with the Equivalent Society for strengthening the *Bank* to extend its Credit. For the Stock of that Society is dead, cannot be raised, or turned into Money, but by the Proprietors quitting the Property thereof; and besides, it affords only Interest at 4 *per cent.* and cannot be improved: Whereas the Stock of the *Bank* cannot be reckoned at less than 5 *per cent* Interest; and the whole, or any Part thereof, can be raised, and turned into *Specie*, when the
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the Company has Occasion so to do. And to propose a Coalition with, or Assumption of new Partners into the **Bank**, others than *Scotsmen*, and Subjects living in *Scotland*, is the worst of all, and most pernicious and destructive to *Scotland*: For if it be upon the Equivalent Stock, it lyes under the Disadvantages already remarked. And in case new Partners should be assumed, even upon a capital Stock subscribed for, and a Proportion paid in thereon *in specie*, equal to what is advanced by the present Adventurers in the **Bank**; if these new Partners are not *Scotsmen*, or live out of *Scotland*, all the Profits arising from that new Stock, will be so much Loss to *Scotland*, because it must be annually exported: And for that Reason, it ought to be a By-law in all Banking Companies, That no Part of the Stock shall belong to others than the Subjects of the Kingdom where the Bank is carried on.

An Objection is commonly made by those who have offered Proposals for assuming new Partners into the **Bank** who were not *Scotsmen*, and not living in *Scotland*, That the raising and calling in further Stock from the Adventurers in *Scotland*, does not at all strengthen the Company; for (say they) when such a Call is made, it is paid in Bank-notes, and not in *specie*. To which it is answered, That this is what was objected in the Proposal by the Royal Exchange Assurance Company; but the Objectors do not at all consider this Point: For the Payments are many of them *in specie*; and Bank-notes are justly reckoned the same with *Specie*, when paid in on a Call for Stock, because, when paid in, it lessens the Demand on the Bank. If the Objector will turn his View backward, and suppose thus, What if the Adventurers in the **Bank** had at subscribing paid in their whole Capital of *L. 100000 in specie*, and then suppose that they have from Time to Time advanced the same by Moieties as the Circumstances of the Company has required; he will soon be convinced, that the subscribing *L. 100000* of capital Stock, and paying in from Time to Time such Moieties thereof as are needful for the Company's Support, is equal to paying

ing in the whole Capital at first, and more convenient and advantageous both to the Bank and Country ; because a certain Stock of *Specie*, circulating in the Country, is needful for Currency of Payments in Markets, and amongst the meaner sort of People, bearing a due Proportion to what is running on Paper Credit upon the Faith of the Banking Company.

I am sensible, that from this Reasoning the Objectors will again be led to think, That an Enlargement of the Bank's Stock by a new Subscription, and *Specie* in proportion actually brought into the Kingdom thereupon by Foreigners, will be profitable to the Kingdom. But I peremptorily affirm, That it will not ; and that because, as is already said, all the Profits arising upon that Stock must be exported ; and as much as they exceed the common Interest of the *Specie* imported, so much is the Kingdom wrong'd, and a Loser thereby : Which will appear to any unbiass'd Reader, by supposing a Bank erected in any Kingdom, upon a Stock of Money imported by Foreigners, and that by the Trade of Banking there arises an annual Profit of 20 *per cent.* to be exported, here there is 15 *per cent.* of real Loss to the Nation. And tho' some airy speculative Gentlemen, of a projecting Spirit, are misled to think that the Nation suffers no Loss thereby, because (as they vainly imagine) the Credit afforded by the Bank's Loans, enables the Country to improve in Manufactures, &c. which counter-ballances the Loss ; yet I must beg leave to differ from them, because it is a Principle not controverted, That all Profit made by Foreigners, by pure Credit, in any Kingdom, is a real Loss to that Kingdom : For if the People employed in Manufactures, and improving the Product of the Nation, are virtuously disposed, and only want Money in hand ; and that the Money needful, is not to be got in *specie*, but to be supplied by the Paper Credit of a Bank ; that Credit is as easily raised and supported by the Natives of the Kingdom, as by Foreigners : And it is more reasonable to think, that a wise People will rather encourage the Paper Credit of their Countrymen, than that of Strangers

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and Foreigners; and a Banking Trade may as well be managed by Natives as by Foreigners. And if it shall be supposed; that some *Specie* from abroad is needful, and is to be got, it may be procured at a much easier Interest than the Profits that may be made upon simple Paper Credit, if Foreigners are allowed to have it: And there is no virtuous People in the World, but may erect, amongst themselves, a Company for Credit, in Proportion to the State and Business of the Country, without admitting any Foreigner into it; but on the contrary, secluding them from it with all possible Care. The Bank of *England* and the BANK OF SCOTLAND are both good Instances how easy it is to carry on a Bank without Foreigners, tho' neither Kingdoms has yet made Laws and Rules for secluding Foreigners. But in *Scotland*, the Stock of the BANK is now all in the Hands of *Scotsmen*, except a very few Shares belonging to Subjects in *England*, where, at the Beginning, a Third of the Bank's Capital was subscribed for, by Allowance of the Parliament, at erecting the Bank.

I thought it proper, and that it may be of Use to enlarge somewhat fully on this Head, because the **Bank of Scotland** has been once and again attacked and pressed to coalesce with other Societies, or to assume them as Partners for enlarging the Stock of the **Bank**.

To the *second* Complaint, *That the Directors of the Bank are by far too narrow in extending their Loans*; It is answered, That all who have been concerned in the Management of the **Bank**, as Directors, these 31 Years (and there has been a great many of all Ranks) are convinced, that at all Times Loans have been allowed, to as great an Extent as was consistent with the Nation's Circumstances and the standing of the **Bank**. And it is a vain Thought to imagine, that a Bank in any Nation can supply all Borrowers, and ingross the whole Business of Lending; or that it is possible to extend their Credit, and make their Notes circulate into the remoter Parts of the Nation: No Bank has yet been
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able to do it ; and the Notes of the Bank of *England* do not circulate 20 Miles round *London* to any to considerable Value. This perhaps will not satisfy some who have been in Use to entertain very extensive Thoughts upon Paper Credit ; but Experience confirms, that the Answer is good and true in Fact.

To the *third* Complaint, *That the Directors are too nice and scrupulous in requiring Security* ; It is answered, That the Complaint chiefly comes from those who are not able to give such a Security as ought to be demanded. Next, The Directors follow the Rules of Lending laid down to them by the Company, and which, by many Years Experience, have been found to be very reasonable, and equal to all Persons. If they do not answer the Cases of some, it cannot be helped. But it seems some would have the Directors and the Company to deal loosely, for serving them. The Rules followed are not complained of, or but very rarely, by any Man of Credit, who is able to give reasonable Security ; and when Persons of Credit have Occasion to apply to the *Bank*, they are soon convinced, that the Rules of the Company are most reasonable, just and equal.

To the *fourth* Complaint, *That the Bank does not lend on Pledge* ; 'Tis answered, That it is amongst the Company's original Resolutions and Rules to lend on Pledge, and it is still standing ; but the Directors had never Occasion for it but twice. There is a Qualification indeed in that Rule, That the Pledge must not be a perishable Commodity, which perhaps some will quarrel ; but if it were otherwise, I believe the *Bank* would soon suffer by it, notwithstanding all Precautions that should be taken to prevent the Loss in such a Trade.

To the *fifth* Complaint, *That the Bank does not deal in Exchange, but allows three or four Men at Edinburgh to manage that Trade at their Pleasure, to the great Prejudice of the Subjects*. In this Form the Objection was

spread at *London*. It is answered, That the **Bank** at its first Erection did deal in Exchange, as is already observed, but found it very troublesome, unsafe and improper. There is so much to be done in that Business without Doors, at all Hours by Day and by Night, with such Variety of Circumstances and Conditions as are inconsistent with the precise Hours of a publick Office, and the Rules and Regulations of a well governed Company: And no Company, like the **Bank**, can be managed, without fixing stated Office-hours for Business, and establishing Rules and Regulations, which will never answer the Management of the Exchange Trade. The Reflection against the Dealers in Exchange at *Edinburgh*, is unfair and unjust: There is no Place in the Trading World, but there are to be found in it many that deal in Exchange, even in those Cities where a Bank is. In *London* there are a great many, and those who have the Management of the Bank of *England*, never, that I ever heard of, proposed to rival them in their Business: On the contrary, I am told that they help and accommodate them, by discounting of Bills and receiving in the Money of such as are pleased to lodge their Cash with the Bank on a running Accompt, without any Bills or Receipts, as is practised by the **Bank** here. And it is a justifiable Opinion, that no Bank should meddle with, or encroach upon the Business of the Factor, Exchanger or Merchant, or rival them in their Trade, tho' the Directors could manage it, as they cannot, seeing it is by the Favour and Good-will of the Dealers in, and Masters of Money, that a Bank can subsist; and the making such a Complaint against the **Bank of Scotland**, and the Dealers in Exchange, shows much of a covetous envious Disposition. Much of a piece with the Temper of those, who think that the Bank should be the only Fund for all Lendings, and that they should reduce Interest to a very low Rate, without considering that it is impracticable, and was never attempted in any Place of the World. Tho' the Interest of Money is
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regulated by Law in all well governed Countries, yet it is more so by the Circumstances of each Nation, with regard to its Stock of Money and State of its Trade.

To the *sixth* Complaint, *That the Bank does not discount foreign Bills, and take the Trouble of gathering in the Factors Money on foreign Bills*; It is answered, That this Objection is inconsistent with the former; for if the **Bank** shall deal in Exchange, and monopolize that Trade, as is insinuated thereby, there will be no foreign Bills to be discounted or negotiated. *Next*, The Bank did at the Beginning propose to discount foreign Bills, and to be the General-Receiver for all Factors, but there was so very little to be done in that manner, that it did not answer the Trouble and ballance the Charge. The *Bank* does discount Inland Bills, and has done so almost since its first Erection, which by Experience is found to afford all Factors, Merchants and others, all the Accommodation of a current Credit, which is needful in their Business, and supplies the Place of discounting foreign Bills; and this they do at the Rate of *5 per cent.* which is equal to the common Interest allowed by Law: Whereas others who deal in discounting, do it at a higher Rate.

To the *seventh* Complaint, *That the Bank does not lend to its Adventurers on the Credit of their Stock*; It is answered, That such Loans ought not to be tolerated, because it weakens the Security of the Company, and the Nation might justly complain of it: For if a Bank is authorised for a Nation's Conveniency, and that the Adventurers therein have a Profit thereby, the Country should have a reasonable Security from them; and therefore it is, that a certain capital Stock is subscribed for, and a Proportion thereof actually advanced and paid in by every Adventurer, as a *Depositum* and Security for the Nation, to give Credit to its Notes: And if the Proprietors should be allowed to draw out what they have so paid in, on their own simple Obligation and Credit of their Subscription in the Stock, the Nation has no Security at all.

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And when the Adventurers see Cause to raise and pay in a Part of their capital Stock, when the Company is rival'd by an Enemy, or on any other Occasion, the lending upon Stock would make the Call ineffectual. Indeed such a Thing has been practised by some Companies, but has been still attended with pernicious Consequences, either to the Country, or to the Proprietors of the Stock, who did continue solvent, when other Proprietors who borrowed on Stock, did prove bankrupt. It is not convenient to adduce Examples of this, lest it should give Offence; but there are not wanting such.

It has been very peremptorily said by some, *That it would be of Advantage to the Nation to have a second Bank established, that the Subjects may not be limited to the particular narrow Rules of one Bank.* To which 'tis answered, That it is impracticable to support and carry on two Banking Companies in one Country; no Nation did ever attempt it. *England* where Banking is as well known as in any Part of the World did never try it: On the contrary, the Government, and those of the Bank of *England*, are so fully perswaded of the infallible bad Consequences of authorizing any other Company to bank, that no Charter to any new Company does pass, until it is first examined by the Directors of the Bank, and found to contain no Powers in it that may prove hurtful or inconvenient to the Bank of *England*. If *Scotland* can bear two Banks, and that it would be for the Nation's Advantage to have two, it naturally follows, That *England* could bear Ten: But it is well known, That if two Banks were authorised in *England*, there would be a constant Jostling and interfering betwixt them, till one, or probably both came to Ruin.

Another or 8th Complaint was made, *That the Dues of transferring Stock in the Bank of Scotland, are too high.* To which 'tis answered, That the Office-Dues are very small, being only Twenty Pence *Sterl.* on a Thousand Pounds *Scots* Subscription, paid by the Transferer, and as much by the Trans-

Transfereé, which is only 2 *per millz.* There are two other Charges which the Company cannot help, to wit, Six Shil. and nine Pence, for the stamp-duty of the Paper, on which all Transfers must be made. And the Charges of Confirmation, which every Executor must be at, when any Adventurer, dies, without having made a special Conveyance of his Interest in the **Bank**; and the like Charges are in all other Companies of a transferable Stock. This Objection doth certainly come from those who have the Trade of Stock-jobbing in View: But those of the **Bank of Scotland** heartily wish that that pernicious Trade by which so many Families were ruined a few Years ago, may never take Place in *Scotland*, in any Stock whatever. It has been very happily prevented hitherto in the **Bank**, and 'tis hoped shall never get Footing. And one good Way to prevent it is, to have a competent Part of Stock actually advanced, and some Office-Dues payable at transferring, besides what Charges shall be needful for making up Titles when Adventurers dye, and what is due to the Publick as a Tax.

The DIRECTORS of the **BANK** having Advice from their Correspondent and Friends at *London*, That those of the Equivalent Society did continue to push for their new Charter, with Banking Powers, and that their Agents were using all Means fair and foul to obtain it; did, after duly considering the Matter, in all Views, come unanimously to agree upon two Things most proper to be done for the Company's Safety and Support in the supposeable Event, that the Charter would be granted, *viz.* To supersede all Loans for a Time, and to raise a Tenth further of Capital Stock from the Adventurers: And for authorising the Calling in this Tenth, the Adventurers were summoned to a general Meeting for their Approbation, tho' the Directors had a Power lodged with them, by a general Meeting of Adventurers, to call for it at their Pleasure. This was no sooner heard of at *London*, but the **Bank's** Enemies put this false Construction upon it, That the **Bank**

Bank had done so, to straiten and pinch the Nation, and bully the Government, not to give the Charter to the Equivalent Society: And to make this go the easier down, and be believed; and to render the Bank and its Directors odious; it was added, That the Directors had also made an universal Demand upon all their Debtors; and so far did the Calumny prevail, when all the three things were told with one Breath, that the Bank's best Friends did condemn the Management, being at a Loss what to say to defend it. But they were soon undeceived by their being acquainted, That there was no Demand made from the Bank's Debtors; and that the stopping of Loans, and calling in a Part of Stock, did only touch the Adventurers, by interrupting the Company's Trade; and at the same Time obliging them to raise and pay in Money on their Stock. It seems the Gentlemen of the Equivalent would have had the Bank to remain passive, and do nothing, either for stopping their Charter, or supporting the Company, in case the Charter was granted; for there is no *Medium* betwixt abiding passive and doing something in Self-Defence; and seeing something was to be done, what more natural and reasonable for strengthening the Company at such a Juncture, than calling for Help from the Adventurers and stopping Trade in Loans for a little. Nothing less, and nothing else could be so proper, and yet the Equivalent Agents were able to pervert these to a wrong Sense and Meaning, but not without the Addition of a Falshood.

The **Bank** never made an extraordinary Demand from its Debtors, but in Cases of absolute inevitable Necessity; and the Company's forbearing to do so, when push'd at by the Equivalent Society, is a clear and undeniable Proof of their Tenderness toward the Company's Debtors, and that what they did, in calling for a Tenth of Stock, and stopping Loans, ought not to be condemned, but justified, as fair, reasonable and prudent. And I affirm, that upon an impartial Examination of the Administration of the **Bank**, if the Trial were to be made, it
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will appear evident to all unbiaſſed Perſons, that the Eaſe and Safety of the Government, and the general Conveniency, Advantage and Peace of the Nation, has been firſt and chiefly in the View of the Directors, at all Times and Periods, rather than the Profit of the Adventurers; as has been already obſerved; but needs to be repeted, for vindicating the Company from falſe Calumnies and ſcandalous Reflexions.

On *Wednesday* the 7th *June* 1727, the News of the Equivalent Society's Charter's being come from *London* was ſpread over the Town. It bears Date 31ſt *May*, the very Day, or Day before His late Maſteſty went laſt to *Hanover*.

About this Time the following Charge was laid againſt the *Bank*. 1mo, That the Directors reſuſed to lend the Government a little Money anno 1715. 2do, That they reſuſed to ſettle and keep a Correſpondence with the Bank of England. 3tio, That they reſeſted fair and reaſonable Propoſals of Coalition with the Equivalent Society. And 4to, That they reſuſed Exchequer-notes. As to which it is answered, 1mo, That the Government never deſired any Loan from the *Bank*: And anno 1715, the Government had no Need of borrowing Money in *Scotland*, for there was a conſiderable Sum lying in the Caſtle the Time of the Rebellion; and the *Bank* was exhausted of Caſh, ſtopp'd Lendings, and gave up all Buſineſs, becauſe of the Diſturbance of the Times, as is already remarked. 2do, There was never a Correſpondence propoſed betwixt the Bank of *England* and the *Bank* here. If a Propoſal of that Kind had been made, 'tis certain the Directors would not have declined it, unleſs the Conditions had been prejudicial to this Country; and it cannot be thought, that the Gentlemen of the Bank of *England* would have propoſed any thing unreaſonable. 3tio, There was never any other Propoſal of Coalition with the Equivalent Society, but thoſe already mentioned, and ſet down at large above. 4to, There was never any Exchequer-notes offered at the *Bank*; and I believe, the not dealing in Exchange is the Reason.

While the Equivalent-Society's new Charter was at the Chancery, an Express arrived from *London*, which brought the unwelcome News of the King's Death, who by the best Accounts I have got, died at his Brother's House the Bishop of *Osnaburgh*, on the 11th *June* in the Morning. This put a Stop to the Charter; for without a Warrant from his present Majesty, the Seal could not be appended thereto.

On the 6th or 7th of *July*, a Sign manual from His present Majesty King *GEORGE II.* was presented, with the Charter, to the Deputy-keeper of the Great Seal in *Scotland*, ordering the appending thereof. The Directors of the *BANK* having Advice of this, did order their Secretary to enter a Caveat at the Keeper's Office, against appending the Seal: Notwithstanding whereof, the Seal was appended, and the Charter given out the 8th of said Month.

A full Copy of said Charter being hereto annexed, it saves the Trouble of giving a long Account of the Contents thereof; and so I shall only notice such Heads as are most apposite to my purpose.

In the Petition made to His Majesty, by the Equivalent-Society, for granting this Charter with banking Powers, it is said, That the granting thereof would be of great Use and Advantage to that Part of the united Kingdom, called *Scotland*; but there is not one Reason or Argument offered or insinuated, in Support of the Assertion. And indeed if Reasons had been to be given, the Gentlemen who offered the Petition, would have found themselves non-plus'd, to find any of Weight, seeing there is a *Bank* in *Scotland*, of an old Standing, not above a Year or Two younger than the Bank of *England*; and which has answered all the Ends that can be proposed by any banking Company whatever. It is evident from the Methods taken to procure that Charter, and decry the present *Bank*, that the Project is purely emulous, and designed in Odium of the present *Bank*.

If it be said, that there is no Design against the present *Bank*, and that both may subsist, and that the Nation will have

have the Advantage, of not being restricted to the Rules of one Bank, why then is this new Bank restricted to *Scotland*? If two Banks will be of Advantage to *Scotland*, surely more Banks than one would be a Benefit to *England*; and why might not this new Company have had their banking Powers extended to the whole united Kingdom, seeing there is but one Bank in *England*? But as is already observed, those of *England* know, that the erecting a second Bank there, would be prejudicial, not only to the present Bank, but also to the whole Nation. This is clear from every Clause of the Charter; where any Powers are granted, they are still restricted to *Scotland*. The general Power of Banking, the Power of Lending, the Power of Borrowing on Bills and Notes, the Power of Dealing in Exchange, and in buying and selling Bullion, are all expressly limited to *Scotland*: And all the Meetings are fixed to *Scotland*, whereas hitherto the Meetings of the Equivalent-Company have been at *London*; and there was good Reason for it, all the Proprietors being at *London*, except a very inconsiderable Part here at *Edinburgh*. And therefore 'tis plain, that the Design of this new Company in *Scotland*, is to rival the present Bank; and what will be the bad Consequences to the Nation, Time only will tell, but are plainly foreseen.

'Tis very remarkable, and every Body ought to observe it, that there is no Stock of Money provided by the Charter, for supporting this new Bank; for the Calls upon Stock will not answer, as shall be made appear. The Stock to be subscribed for as the Fund thereof, is a Stock that cannot be raised or touched. The Government indeed may pay the principal Sum, and redeem the Annuity of *L. 10000*; and in case of such a Redemption, both the Equivalent-Company, and this new Bank founded thereon, would cease: For these could not in any proper Sense be said to subsist, when the Foundation of both is taken away, by fulfilling the Will of the Act of Parliament, in paying up the capital Stock, and redeeming the Annuity.

By the Charter it is provided, and Power is given, that the Subscribers to this Royal Bank in a General Court, may make Calls upon Stock, provided the Call at one Time do not exceed one Tenth of what is signed for; and that the whole Calls do not exceed one Half of the Stock. No Doubt, when such Calls are to be made, there will be Occasion for the *Specie*, to support the Company's Credit; or at least, for reducing the Credit issued by the Company upon Loans; and yet there is no Provision made, by annexing a Penalty, for making these Calls effectual. 'Tis true, that those who shall neglect or refuse to answer these Calls, are debarred from transferring their Stock, or drawing Dividends thereon; and the Dividends are appointed to be applied and imputed, towards the Payment of the Calls and Interest due thereon, from the Time the same ought to have been paid. But that will not answer the End of making the Calls; for as the Occasion thereof is Scarcity of *Specie*, for supporting the Company's Credit, and answering Demands, so no Proprietor will at such a Time straiten himself; or be at the Trouble, and perhaps the Charges too, of procuring *Specie*, when he has so easy a Way to supply it, by letting his Dividends ly over, and go towards answering the Call and Interest thereof. This is so obvious, that it may well be doubted, if any Body will incline to trust a banking Company, whose Payments are upon so precarious a Footing. I much doubt, if any Company was ever erected, and left at such Uncertainty for raising Money from its Proprietors, and yet expect to have Credit, especially in a Way of Banking. There is no Encouragement for dealing with or trusting such a Bank; on the contrary it seems, that the Projectors of this new Bank have had no Concern upon them, how to satisfy the Lieges, that they are in Safety to trust them: But having Assurance, that they will obtain Credit, and have Opportunity to extend it very far, for affording large Profits, they will be at Liberty afterwards, to take what Methods shall be most commodious to them.

themselves, for answering Demands upon them, without being concerned, what Inconveniencies shall in the mean Time fall upon such as shall trust them, when they stand in Need of and require *Specie*.

This is still more plain, when another Clause or two in the Charter are duly considered, to wit, that Clause, by which the Stock and Shares of this Royal Bank are declared to be a moveable Estate; and in the Case of Death, to go to Executors or Administrators, and not to descend to Heirs: And the Clause following, by which it is declared, *That the Stock and Shares shall not be liable to any Arrestment or Attachment that shall be laid thereupon, any Law, Usage or Custom to the contrary notwithstanding.* This last Clause absolutely secures this banking Stock from being affected by the private Debts of the Proprietors; so if they can but secure their Persons in a Sanctuary, or by going Abroad, they may enjoy their Dividends, and when they will, transfer their Stock, and convey it to whom they please, and fraudulently carry it off, or prefer such Creditors thereto, as they shall think fit.

I have heard Two Things said in Apology for this extraordinary Exemption, but neither of them seem very satisfying. 1st, 'tis said, That the Act of Parliament establishing the Equivalent, has the same Clause; and 'tis thought for this Reason, that the Government being the Debtor for the Stock, it was not fit that it should be exposed to the Trouble of Arrestments, Competition and Forthcomings. 2^{do}, That this Exemption from Arrestments, is the same in Moveables, as the authorizing Entails of Heritage.

To the *First* 'tis answered, That the Apology seems to be a begging of the Question; for what is wanting is the Reason for seeking such an extraordinary Privilege, seeing the Government could have been secured from Trouble without it. But supposing this necessary, while the Equivalent continued on the Footing of the first Establishment, yet when that
Stock

Stock, or what thereof is or shall be subscribed into this new Bank, is diverted and transferred, as the Fund of a trading banking Company, a Company for borrowing and lending, dealing in Exchange, and in some Sense for merchandising; it is without Precedent in *Scotland*, that such a dangerous Exemption should be pled and maintained; and it may (with great Submission) be thought, that a legislative Authority is necessary to support it. *2do*, The other Excuse is not to the Purpose; for there is no Parallel betwixt an Exemption from Arrestment, which is in *Scotland* of so great Use and Advantage, and the allowing Entails of Heritage. The publick Records do clearly point out the Estates that are entailed, and the Proprietors thereof, and Course of Succession, with the whole Conditions of the Entail; and so every one is fairly put on his Guard, and knows with whom he is dealing, if he be the Heir or Possessor of an entailed Estate. But a moveable transferable Stock, privileged against Arrestments, and other Attachments whatever, may be transmitted every Day from one to another, no Body knowing how, when or where to fix it. A Person who has no Stock in that Company, is a Trader, has Credit, and got himself into Debt, may purchase Stock in the Company, with all the Effects he can get together; and having done so, may secure himself, in a Sanctuary, or go Abroad, and enjoy that Stock, or transfer it at his Pleasure, and so defraud his Creditors, or prefer some of them to the rest. And though the Justice of the Nation may interpose in the Case of such Frauds, yet it cannot be done without great Charge to the Parties injured; and the Company will have as much Trouble, and perhaps more, than happens in the Case of competing Arresters. The Privilege may be used in a wrong Way by ill Men, but it is no charming Encouragement for gaining the Favour of the Country: A Company so highly privileged may find themselves under Necessity, and think it lawful to ule other Freedoms not warranted by any Law, if they come under Difficulties and Straits

Straits; and no Company can promise themselves Security from Inconveniencies.

Our Royal Bank being thus established, the Directors set about preparing and fitting up an Office, and making all Materials for their Notes, which was all done by the beginning of *December*; and having elected proper Servants and Officers, about the 8th of the said Month, which is the Date of their Notes, the first of them came abroad.

While they were thus employed, and before any of their Notes were issued, a Warrant came from Court, directing the Payment of 20000 *Lib. Sterl.* being the Fund appointed by his Majesty's Letters Patents, to be laid out at Interest, for improving Fisheries and Manufactures in *Scotland*; The Directors of the BANK being acquainted with this, they thought it their Duty, for accommodating the Commissioners and Trustees in the Patent, to make Offer to take 10000 *Lib.* of the said Money at common Interest, tho' the Company was never in use to borrow; and to give the Company's Security for Re-payment of the Principal, and paying the Interest yearly, each half Year, or quarterly, as the Commissioners should demand it: And by an Act of the Court of Directors, did authorise Mr. *Gilbert Stewart*, one of their own Number, and also one of the Commissioners named by his Majesty in the Letters Patents, to make the Offer. The Directors of the BANK were willing to have taken the whole 20000 *Lib.* for easing the Commissioners; but being informed, that the Gentlemen of the Royal Bank designed to borrow part or whole of the Sum, as their first Stock of Cash, for enabling them to carry on their Banking Trade, the Directors thought fit to make the Proposal for the half only.

Accordingly in a Meeting of the Commissioners and Trustees; when the lending out that Money was first communed upon, Mr. *Stewart* proposed, in Name of the BANK, to take 10000 *Lib.* as he was instructed by the Court of Directors: And those of the Royal Bank gave in a written Proposal,

posaf, defiring the whole 20000 *Lib.* offering, as I was told, to impignorate the Equivalent Debentures of their Stock in Security thereof. And because Mr. *Stewart* had made his Propofal for the BANK by Word only, he was defired to give it in in Writ. And both Propofals were remitted to the King's Council, my Lord Advocate and Master Sollicitor-General, for their Opinion thereon. Accordingly the BANK's Propofal was extracted by the Secretary, and delivered to Mr. *Stewart*, and he gave it to the Lawiers. At next Meeting of the Commissioners, my Lord Advocate and Sollicitor made their Report, That the Security of either Bank is good. Mr. *Stewart* observing the Inclinations of the Commissioners, not to divide the Sum, but to give the whole 20000 *Lib.* to the Royal Bank, the greateft part of the Commissioners then present being Directors and Proprietors of the Royal Bank; he propofed, that all concerned in either of the Banks should remove, or not vote in the Queftion of lending that Money. But the Commissioners concerned in the Royal Bank refufed Mr. *Stewart's* Propofal: And the Queftion being put, it carried to give the whole 20000 *Lib.* to the Royal Bank; and no wonder, feeing, as is already obferved, the greateft Number of the Commissioners present and voting, are Directors and Proprietors in that Bank. Before the Queftion of Lending was put, Mr. *Stewart* acquainted the Commissioners, That feeing they inclined to lend the whole 20000 together, that the Gentlemen of the BANK, by whom he was commissioned, were willing to take the whole 20000 on the Company's Security; adding, that the Directors would engage instantly to lend it out as Borrowers should offer, for accommodating the Country under the present Straits, through the Scarcity of Money; and offered to add and fubfcribe thefe Conditions to the Propofal given in by him; and he expected that the like Kindnefs to the Country would have been offered on the Part of the Royal Bank. But his Propofals were neglected, and the

Vote

Vote called for, and the Matter determined as above. Mr. *Graham* of *Gorthie* dissented from the Vote, and gave his Reason, That it was his Opinion that half of the Money should be given to each Bank. Mr. *Arbuthnot* dissented, and told, That he would give in his Reasons in Writ, to be recorded by the Secretary. And Mr. *Stewart* dissented, and gave this Reason for it, That he thought that none concerned in any of the Banks could legally vote in lending the Money. But none of the Dissents were minuted by the Secretary. I'm told, that the Gentlemen Commissioners who are of the Royal Bank say, That the above three Gentlemen did not dissent, but only refused to vote; and they found it so by a Vote at next Sederunt.

Next Meeting of the Commissioners and Trustees, after reading the Minutes of the former Sederunt in relation to the lending of the 20000 *Lib.* a certain Commissioner, very zealous for the Royal Bank, quarrelled the Secretary for wrong minuting, because he had write, That the Commissioners had agreed to lend the whole 20000 *Lib.* to the Royal Bank, and did not add *nemine contradicente*. Mr. *Arbuthnot*, and the other two Gentlemen above named, said, That the Words *nemine contradicente* could not be added, seeing they did dissent. And Mr. *Arbuthnot* offered his Dissent in Writing, bearing his Reasons, and desired the same to be entred into the Sederunt; or, that the Minutes of the former Day might be amended, and his and the other two Gentlemen's Dissent marked therein simply, without adding their Reasons: Upon which some short Debate followed, and a Vote was proposed, and the Question put, Whether or not the Loan was *nemine contradicente*, and ought to be so minuted by the Secretary? Which, to be sure, carried in the Affirmative, although the three Gentlemen Dissenters were sitting by declaring their Dissent. Mr. *Arbuthnot* again pressed the reading of his Dissent, but was refused. Then

Then he proposed, that he might be allowed to bring in a Notar and Witnesses to protest on the Offer of his Dissent: This was also refused. After he had remonstrate against the Procedure, he desired the Opinion of the Meeting and their Vote upon these three Demands of his; 1mo, *Either to rectify the first Day's Minutes, and mark his and the other two Gentlemen their Dissent simply.* Or, 2do, *To allow him to give in his Dissent in Writing, and the Secretary to record the same, and give him an Extract.* Or, 3tio, *To allow him to bring in a Notar and Witnesses, and take an Instrument, upon the Offer of his Dissent in Writing.* Accordingly the Question was put, and voted, and carried in the Negative, **Not to allow any of the Three.** Upon which Mr. *Arbuthnot* applying himself to the Chairman, said, *I hope in Course, and according to all good Forms, this Vote will be put into this Day's Minutes.* But it was too great a Favour to be granted, however reasonable, just and agreeable to Form. And it is no wonder that this Desire was refused, for indeed the right minuting the last Vote and Determination thereof, would have been more than granting any of the three Demands, or all of them, one by one, in due Order and Form. This Procedure is not a little surprising and uncommon, for *licet protestare* is always held as a good Maxim: But the Surprise will soon go off, when the Reader comes to know the Truth of the Matter.

When the Gentlemen of the Royal Bank had fitted their Office, and prepared all Things needful, in Order to set out to Business; they very wisely considered that it was impracticable, yea impossible for them to do any Thing to purpose, especially in their great Design against the BANK, unless they were provided with a Stock of Cash, besides the publick Money which they expected, and I believe were very sure was to be lodged with them by most of the publick Receivers and Cashiers here; for they cannot warrantably or prudently ad-
venture

venture upon that Money, as a Fund to circulate their Credit and Notes. And tho' by their Letters Patents they are allowed to make Calls upon their Stock, to the Amount of one half, at five different Times; yet they had no Ground to hope to raise a Stock of *Specie* in that way, seeing their Proprietors are under no Compulsary to answer these Calls, nor had they any Reason to expect that they could answer the same in these straitning Times, when I believe it was not without Difficulty that many of them procured Money to pay for their Stock, and to advance more than the prime Cost, would have born too hard upon them, at least upon some: Therefore they turned their Thoughts upon getting the 20000 *Lib.* designed to be lent at Interest, as the Stock for improving our Fisheries and Manufactures; and a good Number of their Directors being also Commissioners and Trustees in his Majesty's Letters Patents for that purpose, the Matter was easy to be brought about: They had nothing to do but resolutely to determine and resolve to reject all Proposals from others for borrowing that Money, and to give it to the Royal Bank, which they did in the Way and Manner above narrated.

I leave it to the Reader to judge, how agreeable this Procedure is to His Majesty's Letters Patents establishing the Commissioners and Trustees, after he has read and considered the Directions therein given for lending that Money, whereby they are impowered *to enter into Agreements with any Person or Persons, Bodies politick or corporate, other than the saids Trustees, or any Person or Persons in Trust for them, or either of them, for lending out the said L. 20000.*

Now, in the Meetings of the Trustees and Commissioners, where the Lending of that Money was moved, debated and determined, the greater Part were all of the Royal Bank, and so were in no manner of Difficulty to over-rule the Matter, as is above faithfully recited. But then, how far they have acted agreeably to their Powers by the Letters Patents, or if they

have acted contrary to the Meaning and Intention of the above Clause, I shall not take upon me to determine.

I have heard it said in vindication of this Deed, That the Lending is not to the Trustees, or any of them, but to the Royal Bank; and that the Commissioners who are of the Royal Bank, and voted the Lending of the Money to it, must be look'd on as different, and not the same Persons, when acting as Trustees and Commissioners for improving our Fisheries and Manufactures. But the latter Part of the Clause, in these Words, *Or any Person or Persons in Trust for them, or either of them,* seems to have been added to prevent such coloured Lending and Borrowing by one and the same Persons; for it is obvious, that when that Money is lent to that Company by the Commissioners, (whereof the greater Part who gave the Loan are Directors of the Royal Bank) it is lent for their Behoof.

There is also something in the Letters Patents erecting the Royal Bank, that seems to strick against their borrowing that Money, or any Money, otherwise than upon Notes or Bills payable on Demand, which never bear Interest: And this L. 20000 could not be lent out but at Interest, and not on Bills payable on Demand. The Borrowing Clause runs thus, *And that the said Company may keep the Money or Cash of any Person or Persons, Bodies politick or corporate whatsoever, and may borrow, owe or take up in Scotland, on their Bills or Notes payable on Demand, to be signed in such Manner, and by such Persons as the Court of Directors herein after mentioned shall direct and appoint, or in such other Manner as the said Court of Directors shall think fit, any Sum or Sums of Money whatsoever.* Here Borrowing is limited very expressly, to Bills or Notes payable on Demand: And if it had been intended, that the Royal Bank should be left at large to borrow Money in what Manner they pleased, or as the L. 20000 is borrowed, the Words of Limitation, *On Bills or Notes payable on Demand,* would have been a very needless Addition.

I am now come to the critical Period, that of the interfering of the two Companies; a Period that could not but be foreseen at the first projecting of the Royal Bank, there being some concerned in it, who had formerly concurred in the like Attempt. Whatever was said while the Equivalent Society's Charter with Banking Powers was a-seeking, or what has been said since the passing thereof, that there was no Design of prejudging the Old Bank; yet no body that knows the Nature of Banking, does believe that two Banks can be carried on in the same Country: For it is impossible to manage and keep them up, without interfering and rubbing upon one another, unless Rules and Regulations could be made to prevent it; and it is impossible to digest Regulations for executing such a Design, but what must make the Interests of the two Companies reciprocal, and the Product of their Trade mutually to be communicated; and so two different Offices under distinct Management and Direction, would be a needless Charge and Trouble. Therefore the Gentlemen of the **Bank** did from the Beginning lay their Account with an Attack from an Enemy, and a foreign one too, with home Alliances.

That the Design is against the **Bank**, is now well known all the City over, and own'd by the Rival Company; so nothing needs be said to convince the Reader of it. How far this new Company has acted its Part with Discretion, or if in what they are doing and design, the Nation's Ease and Advantage is considered, or if this Country will be benefited by transferring the Banking Trade to that Company, must be left to the Judgment of the Nation: What is already felt, does point out to all who are not misguided by Prejudice, what will be the Consequences.

It would be mean, and of no manner of Use, to publish the many idle clish-clash Stories that have past these two Months by-gone, and the groundless Complaints spread against the **Bank**, of Rudeness and Indecencies at the Office towards the Servants of the Royal Bank: Every Jest and Piece of Merriment betwixt the different Tellers, turned into an Accusation; but all
Slips,

Slips, and worse, on the Part of the Royal Bank, slurr'd over as Trifles. I shall therefore sum up all in one comprehensive Truth, That those of the Royal Bank have exerted the utmost of their Power and Strength, and rack'd their Wit and Politics, to bear all Hardships upon the Bank, to discredit the Company, and incumber the Circulation of its Notes, with no other View but to occasion a Run upon the Bank, oblige the Directors to make Demands on the Company's Debtors, create National Distress, and (as they hope) to raise Clamour against the Bank; the Royal Bank in the mean time hording up all the *Specie* they can be Masters of, without affording any Relief to the Country under the present great Scarcity of Money; while the Bank of Scotland stands passive, or rather on the defensive only, trusting to the Affection of the Country, and for Support from the Favour of all who have been accommodated by the Bank, and found the Convenience and Advantage of the Circulation of the Company's Credit and Notes in the Nation.

F I N I S.



